

**OKEMOS PUBLIC SCHOOLS**  
**REPORT ON FINANCIAL STATEMENTS**  
**(with required supplementary and additional information)**  
**YEAR ENDED JUNE 30, 2007**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Okemos Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of June 30, 2007 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2007, on our consideration of Okemos Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vi through xiv and page 26, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Okemos Public Schools' basic financial statements. The additional information on pages 28 to 67 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mayer, Costenizer & Ellis, P.C.*

Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Okemos Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2007. Please read it in conjunction with the District's financial statements, which immediately follow this section. A comparative analysis with the prior year has been provided.

### FINANCIAL HIGHLIGHTS

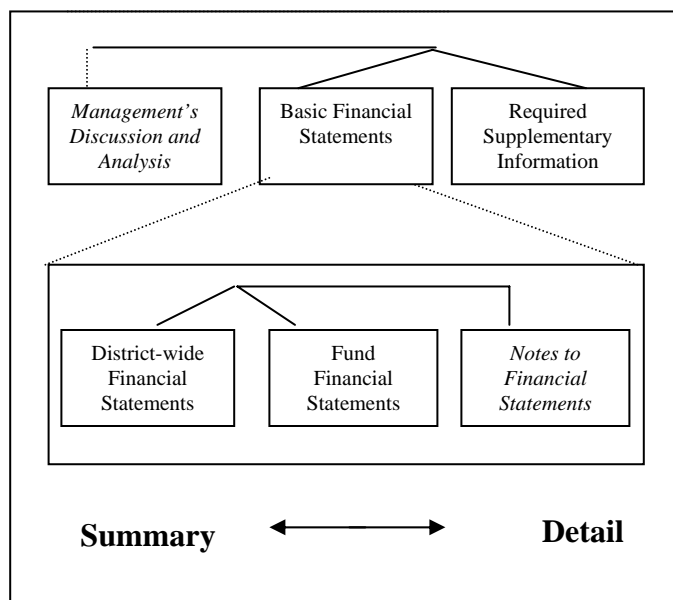
- The District's financial status remained stable. The District's overall revenues were \$50.6 million dollars.
- Total general fund revenues were \$42.6 million dollars. Revenues for the 2006-2007 school year increased by 3.3% from the previous year while expenditures increased 2.9% from the same period.
- The District increased its outstanding long-term debt by \$5.6 million or 8.0% of fund balance. The increase is related to the 2007 technology bonds.
- The District's enrollment was stable with slightly greater than a ½% increase over the previous fiscal year. This equated to an approximate increase of 26 student FTEs.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

**Figure A-1**  
**Organization of Okemos Public**  
**Schools' Annual Financial Report**



The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

<b>Figure A-2</b> <b>Major Features of District-Wide and Fund Financial Statements</b>			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>* Statement of net assets</li> <li>* Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>* Balance sheet</li> <li>* Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>* Statement of fiduciary net assets</li> <li>* Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, Okemos' funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarized the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

## DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base, the condition of school buildings and other facilities and the long-term cash flow needs of the District.

In the district-wide financial statements, the District's activities:

*Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state foundation aid finance most of these activities.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and trust activities).

The District has two kinds of funds:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.



- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets (deficit) – The District's *combined* net assets were less on June 30, 2007, than the prior fiscal year by the amount of \$409,342. This reflects a decrease deficit in the District's net assets. The change is primarily due to the following: 1.) general fund and debt fund expenditures exceeded revenue during the 2006-2007 fiscal year, 2.) there was no gain attributed to the sale of assets and 3.) fixed assets continue to depreciate and 4.) interest accrued on capital appreciation bonds.

<b>Table A-3</b> <b>Okemos Public Schools' Net Assets</b>		
	2007	2006
Current and other assets	\$ 20,729,480	\$ 14,011,226
Capital and other non-current assets	61,028,791	61,571,685
Total assets	81,758,271	75,582,911
Long-term liabilities	69,767,523	65,756,499
Other liabilities	13,390,021	11,635,027
Total liabilities	83,157,544	77,391,526
Net assets:		
Invested in capital assets, net of related debt	22,844,007	19,531,157
Restricted	240,336	290,546
Restricted for capital projects - sinking fund	4,914	
Unrestricted	(24,488,530)	(21,630,318)
Total net assets (deficit)	\$ (1,399,273)	\$ (1,808,615)

**Table A-4**  
**Changes in Okemos Public Schools' Net Assets**

	2007	2006
Revenues:		
Program revenues:		
Charges for services	\$ 3,947,768	\$ 4,083,887
Federal and state categorical grants	1,161,563	1,232,076
General revenues:		
Property taxes	14,695,882	14,137,014
State aid - unrestricted	27,156,339	26,056,293
Ingham ISD	3,065,547	2,987,116
Investment and other	633,156	535,487
Total revenues	50,660,255	49,031,873
Expenses:		
Instruction	25,007,536	24,261,024
Support services	15,363,751	15,538,270
Community services	2,550,949	2,897,224
Food services	1,344,335	1,404,307
Athletics	781,182	801,337
Interest on long-term debt	3,734,408	3,828,248
Unallocated depreciation	1,468,752	1,452,361
Total expenses	50,250,913	50,182,771
Change in net assets	\$ 409,342	\$ (1,150,898)

## District Governmental Activities

The overall stability of the District's financial position can be credited to a focus on controlling expenditures, while attempting to limit impact on K-12 programming. It can further be attributed to the stability in student enrollment, as well as the availability of the "one time" revenue generated through the sale of property during the 2004-05 fiscal year. The District continued to monitor its financial status throughout the fiscal year, and made the necessary adjustments to various financial challenges faced by the District during the 2006-2007.

- The District has made a conscious effort to attract families to the area in an attempt to stabilize enrollments. In 2004-05, Okemos Public Schools sold property to a developer, with the intent of creating an "affordable" housing market. It is the District's belief that this intentional intervention should continue to stabilize or possibly increase student enrollments, reversing the previous predictions of declining enrollment. Also, other such developments have been initiated within the boundaries of Okemos Public Schools which should also positively impact enrollment trends.
- Over \$750,000 in expenditure reductions and revenue enhancements were identified and implemented district-wide during the 2006-07 fiscal year.. These areas included: athletics, central office, community education, food service, elementary and secondary instruction, operations and maintenance, transportation, special education and media and technology.
- The District continued to remain fiscally responsible, initiating budget reductions and revenue enhancements, as well as making a conscious decision to spend a portion of the fund balance resulting in a balanced budget. In the end, the District was able to sustain the fund balance at 11.8% of expenditures.
- Michigan Public Schools received an increase of \$210 the State Foundation Allowance over the 2005-06 per student FTE allocation. Even though this increased revenue did not completely cover the added expenses resulting from higher health insurance premiums, a higher retirement rate and other inevitable "roll-up" costs borne by the District, the increased revenue did help to offset the negative budgetary impact.
- Revenues from Ingham Intermediate School District resulted in a favorable budget variance due to unanticipated levels of reimbursement from the following sources: Medicaid Outreach and overall Special Education net claims.
- Okemos Public Schools successfully expanded its public Montessori program. It is the District's intent to continue to "grow the program", offering a unique approach to educating students that will draw families to Okemos Schools, as well as recapture or retain those children who may have gone to a private setting. During the 2005-06 fiscal year, Edgewood Elementary School was established as the Montessori program site. The Montessori program was in its fifth year of implementation.

- The District continues to work with other communities, collaboratively seeking alternative sources of revenue, as well as identifying areas to create “economies of scale”. In an effort to reduce the impact of budget reductions on K-12 programming and increase efficiencies for Okemos Public Schools by partnering with other local school districts, the District has initiated collaborative arrangements in the areas of bus maintenance and food service management. A continued focus on creating additional revenue sources and efficiencies remains a District priority.
- In an effort to monitor and manage expenditures, building level, as well as the executive administration level, operated with 40% less of their funds in specific areas for which they had spending discretion.

The District will continue to investigate expenditure reductions, as well as revenue enhancements in 2007-08 in an effort to maintain a stable financial environment. The “smaller than anticipated” negative impact on fund balance in 2006-07 generated through careful management of expenditures, as well as the increased reimbursement from Ingham Intermediate School District for special education costs combined with the targeted budget reductions will give the District continued fiscal stability.

### **FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS**

As the District completed the year, its governmental funds reported combined balances of \$12,815,448, an increase compared to 2006 ending fund balances of \$6,534,103.

#### **General Fund Highlights**

Over the course of the year, the District revised the annual operating budget twice. These budget amendments are:

- Changes in November, 2006 to account for final enrollment counts and changes in assumptions since the original budget were adopted. This also included: actual reflection of health insurance premium increases; finalization of staffing; adjustment of supply and textbook budgets (based on enrollments); and adjustments to more accurately reflect spending trends.
- Changes in May 2007 to account for the estimated revised reimbursement from Ingham Intermediate School District for special education expenses; adjusted funding from the State; and adjustments to more accurately reflect revenue and expenditure trends.
- While the District’s final budget for the general fund anticipated a deficit (expenditures to exceed revenue) of \$642,690, the actual results were a \$210,609 deficit.
- Actual revenues were \$227,688 higher than expected, due largely to special education reimbursements from the Intermediate School District, tax reimbursement from the township and various funding adjustments from the state. This represents a favorable variance of approximately one half of a percentage point versus budget.
- Actual expenditures were \$204,392 below the adopted budget. This was primarily the result of reduced spending in federal grant programs (carried over to next fiscal year). The District also effectively controlled spending in areas such as supplies, travel, and contracted services. This represents a favorable variance of less than one half of a percentage point versus budget.

By the end of 2007, the District had invested \$1.9 million in capital assets, including school building repairs and computer equipment. This amount represents a net decrease of \$414,575 or 0.7 percent, from last year. Total depreciation expense for the year exceeded \$1.8 million.

<b>Table A-5</b> <b>Okemos Public Schools' Capital Assets</b> <i>(net of depreciation, in millions of dollars)</i>		
	2007	2006
Land and land improvements	\$ 8.8	\$ 8.7
Buildings and improvements	48.5	48.9
Equipment and furniture	3.4	3.6
Vehicles	0.3	0.2
Total	<u>\$ 61.0</u>	<u>\$ 61.4</u>

The District's fiscal year 2007-8 capital budget anticipates spending another \$1.4 million for capital projects, principally to install flooring, roofs, asphalt, lighting, doors and HVAC systems.

### Long-term Debt

At year-end the District had \$74.9 million in general obligation bonds and other long-term debt outstanding – an increase of 8.0% percent from last year. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

<b>Okemos Public Schools' Long-term Debt</b>		
	2007	2006
Bonds and related debt	\$ 71,926,355	\$ 66,268,417
Compensated absences	2,997,393	3,092,809
Total	<u>\$ 74,923,748</u>	<u>\$ 69,361,226</u>

- The District continued to pay down its debt, retiring \$3.9 million of outstanding bonds.
- The District issued general obligation bonds of \$6.8 million for technology

### SUMMARY

The District has maintained a proactive approach to the control of expenditures and the enhancement of revenues. As a result, the financial status of the District remained stable throughout the 2006-07 fiscal year.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The financial status of the State of Michigan may result in future Executive Order Cuts from the Governor and/or little to no increase in the state funding.
- Increases in the employer contribution to the Michigan Public School Employees Retirement System, as well as increased premiums for health insurance will significantly affect the District's finances.
- The District projects stable student enrollment for the immediate future. There are several new neighborhood developments within the District's boundaries. As these build out over time, it is anticipated that it will have a stabilizing effect on enrollments.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Deputy Superintendent Office, Okemos Public School District, 4406 N. Okemos Road, Okemos, Michigan 48864.

**OKEMOS PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<b>Governmental activities</b>
<hr/>	
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash	\$ 15,402,605
Investments	1,948
Receivables:	
Intergovernmental	4,736,112
Other	253,472
Prepays	292,295
Inventories	43,048
	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>20,729,480</b>
	<hr/>
<b>NONCURRENT ASSETS:</b>	
Deferred charges	196,252
Capital assets	98,927,376
Less accumulated depreciation	(38,094,837)
	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	<b>61,028,791</b>
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 81,758,271</b>
	<hr/>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 898,538
Accrued interest payable	205,167
Salaries and fringe benefits payable	3,174,946
Deferred revenues	286,500
State aid anticipation note	3,200,000
Current portion of long-term obligations	5,475,000
Current portion of compensated absences	149,870
	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	<b>13,390,021</b>
	<hr/>
<b>NONCURRENT LIABILITIES:</b>	
Long-term obligations	66,451,355
Compensated absences	2,847,523
Accrued interest payable - capital appreciation bonds	468,645
	<hr/>
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>69,767,523</b>
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>83,157,544</b>
	<hr/>
<b>NET ASSETS (DEFICIT):</b>	
Investment in capital assets net of related debt	16,073,659
Restricted for trust activities	240,336
Restricted for capital projects (sinking fund)	4,914
Unrestricted	(17,718,182)
	<hr/>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>(1,399,273)</b>
	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 81,758,271</b>
	<hr/>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007**

Functions/programs	Expenses	Governmental activities		
		Net (expense) revenue and changes in net assets		
		Program revenues		
		Charges for services	Operating grants	
Governmental activities:				
Instruction	\$ 25,007,536	\$	\$ 784,797	\$ (24,222,739)
Support services	15,363,751	246,370	20,708	(15,096,673)
Community services	2,550,949	2,372,645	133,726	(44,578)
Food services	1,344,335	1,119,304	222,332	(2,699)
Athletics	781,182	209,449		(571,733)
Interest and fees on long-term debt	3,734,408			(3,734,408)
Unallocated depreciation	1,468,752			(1,468,752)
Total governmental activities	<u>\$ 50,250,913</u>	<u>\$ 3,947,768</u>	<u>\$ 1,161,563</u>	<u>(45,141,582)</u>
General revenues:				
Property taxes, levied for general purposes				8,190,777
Property taxes, levied for debt service				4,774,143
Property taxes, levied for capital projects				1,730,962
Investment earnings				435,597
State sources				27,156,339
Ingham ISD special education allocation				3,065,547
Other				<u>197,559</u>
Total general revenues				<u>45,550,924</u>
CHANGE IN NET ASSETS				409,342
NET DEFICIT, beginning of year				<u>(1,808,615)</u>
NET DEFICIT, end of year				<u>\$ (1,399,273)</u>



OKEMOS PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General fund	2007 Technology Capital projects fund	Other nonmajor governmental funds	Total governmental funds
ASSETS				
Cash	\$ 7,272,902	\$ 6,800,000	\$ 1,329,703	\$ 15,402,605
Investments	1,150		798	1,948
Receivables:				
Intergovernmental	4,700,549		35,563	4,736,112
Other	243,024		10,448	253,472
Due from other funds	131,077	24,704	27,650	183,431
Due from non-governmental fund	10,060			10,060
Prepays	282,235			282,235
Inventories			43,048	43,048
TOTAL ASSETS	\$ 12,640,997	\$ 6,824,704	\$ 1,447,210	\$ 20,912,911

LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 603,134	\$ 54,356	\$ 241,048	\$ 898,538
Salaries and fringe benefits payable	3,174,946			3,174,946
Due to other funds			183,431	183,431
Deferred revenues	603,446		37,102	640,548
State aid anticipation note	3,200,000			3,200,000
TOTAL LIABILITIES	7,581,526	54,356	461,581	8,097,463

	General fund	2007 Technology Capital projects fund	Other nonmajor governmental funds	Total governmental funds
FUND BALANCES:				
Reserved for:				
Trust activities	\$		\$ 240,336	\$ 240,336
Capital projects		\$ 6,770,348		6,770,348
Debt service			715,270	715,270
Unreserved, designated for Community Education	20,000			20,000
Unreserved, undesignated	5,039,471		30,023	5,069,494
TOTAL FUND BALANCES	5,059,471	6,770,348	985,629	12,815,448
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,640,997	\$ 6,824,704	\$ 1,447,210	\$ 20,912,911

Total governmental fund balances				\$ 12,815,448
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and are not reported in the funds				
The cost of the capital assets is			\$ 98,927,376	
Accumulated depreciation is			(38,094,837)	
				60,832,539
Long-term liabilities are not due and payable in the current period and are not reported in the funds				
Bonds payable				(71,979,965)
Compensated absences				(2,997,393)
Deferred bond premium				(529,547)
Deferred amount on bond refunding				583,157
Accrued interest is not included as a liability in governmental funds, it is recorded when paid				
Accrued interest capital appreciation bonds				(468,645)
Accrued interest other debt				(205,167)
Deferred charges for bond refunding				196,252
Deferred revenue at June 30, 2007 expected to be collected after September 1, 2007				354,048
Deficit of governmental activities				\$ (1,399,273)

OKEMOS PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	General fund	2007 Technology Capital projects fund	Other nonmajor governmental funds	Total governmental funds
<b>REVENUES:</b>				
Property taxes	\$ 8,190,777		\$ 6,505,105	\$ 14,695,882
Community services	2,372,645			2,372,645
Interest	272,051		163,546	435,597
Food service sales			1,119,304	1,119,304
Athletics	209,449			209,449
Other	443,929			443,929
Total local sources	11,488,851		7,787,955	19,276,806
State sources	27,537,758		37,415	27,575,173
Federal sources	476,021		184,917	660,938
Intermediate district and other transactions	3,135,760			3,135,760
Total revenues	42,638,390		8,010,287	50,648,677
<b>EXPENDITURES:</b>				
Current:				
Instruction	24,331,413			24,331,413
Support services	15,267,365			15,267,365
Community services	2,539,052			2,539,052
Athletics	779,464			779,464
School lunch			1,341,473	1,341,473
Capital outlay			1,675,228	1,675,228
<b>EXPENDITURES (Concluded):</b>				
Debt service:				
Principal	\$		\$ 2,540,858	\$ 2,540,858
Interest			2,407,719	2,407,719
Issuance costs		54,356	-	54,356
Miscellaneous			2,350	2,350
Total expenditures	42,917,294	54,356	7,967,628	50,939,278
<b>EXCESS (DEFICIENCY) OF EXPENDITURES OVER REVENUES</b>	(278,904)	(54,356)	42,659	(290,601)
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from bond issuance		6,800,000	-	6,800,000
Premium on bond		24,704	-	24,704
Transfers in	68,295		303,846	372,141
Transfers (out)			(372,141)	(372,141)
Total other financing sources	68,295	6,824,704	(68,295)	6,824,704
<b>NET CHANGE IN FUND BALANCES</b>	(210,609)	6,770,348	(25,636)	6,534,103
<b>FUND BALANCES:</b>				
Beginning of year	5,270,080		1,011,265	6,281,345
End of year	\$ 5,059,471	\$ 6,770,348	\$ 985,629	\$ 12,815,448

**OKEMOS PUBLIC SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2007**

**Net change in fund balances total governmental funds** \$ 6,534,103

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(2,471,018)
Capital outlay	1,885,593

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable beginning of the year	642,889
Accrued interest payable end of the year	(673,812)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Proceeds on bond issuance	(6,800,000)
Issuance costs on bonds	54,356
Premium on bond issuance	(24,704)
Payment on debt (principal and appreciation) on deep discount bonds	3,860,000
Amortization of premium on debt	252,500
Amortization of deferred issuance costs	(11,825)
Current year appreciation on bonds	(2,813,634)
Amortization of deferred amount on bond refunding	(132,100)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred revenue, beginning of the year	(342,470)
Deferred revenue, end of the year	354,048

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when due in the governmental funds:

Accrued compensated absences beginning of the year	3,092,809
Accrued compensated absences end of the year	(2,997,393)

<b>Change in net assets of governmental activities</b>	<b>\$ 409,342</b>
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**OKEMOS PUBLIC SCHOOLS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2007**

	<u>Agency fund</u>
<b>ASSETS</b>	
Cash	\$ 681,552
Investments - certificate of deposits	<u>11,092</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 692,644</u></b>
<b>LIABILITIES</b>	
Liabilities:	
Payable Okemos Public Schools	\$ 10,060
Due to student groups:	
Elementary	122,279
Business office	139,824
Middle school	189,098
High school	<u>231,383</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 692,644</u></b>

## **OKEMOS PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Okemos Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **A. Reporting Entity**

The Okemos Public Schools (the "District") is governed by the Okemos Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14 and 39.

#### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (Continued)**

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and other revenue). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2007 technology capital projects fund* is used to account for the 2007 debt proceeds and related expenditures.

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and Dart gifted education fund in the special revenue funds,

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* account for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-wide and fund financial statements (Concluded)**

Sinking Funds - The Okemos Public Schools' capital project fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(l) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

The capital projects fund includes capital project activities funded with qualified bonds issued after May 1, 1994. Beginning with the year of bond issuance, the District has reported the annual activity in the 2007 capital projects fund. The cumulative revenue and expenditures are as follows:

	2003 technology fund	2007 technology fund
Revenue	\$ 18,234	\$ -
Other financing sources - bond proceeds and bond premium	\$ 975,000	\$ 6,824,704
Expenditures	\$ 993,234	\$ 54,356

For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code. The 2003 technology fund projects were considered substantially complete as of June 30, 2006.

**Fiduciary funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Accrual Method (Concluded)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded primarily when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006.



**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)**

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Categorical funds which are not expended by the close of the fiscal year are recorded as deferred revenue.

For the year ended June 30, 2007, approximately \$905,000 of non cash transactions from the Michigan Department of Education (MDE) has been recorded as state aid revenue and pension expenditures as a result of a change in funding by the MDE.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

**D. Other Accounting Policies**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

2. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund - Non-homestead	18.0000
Debt service fund - Homestead and non-homestead	4.2400
Capital projects funds (Sinking Fund) - Homestead and non-homestead	1.4896

3. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds).

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Other Accounting Policies (Continued)**

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 - 20 years

The District's capitalization regulation is to capitalize individual amounts exceeding \$15,000.

6. Compensated Absences

The District's contracts generally provide for granting vacation or sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using straight line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**D. Other Accounting Policies (Concluded)**

8. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and significant special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year end, if any, are reported as reservations of fund balance because they will be re-appropriated in the subsequent fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the general fund are noted in the required supplementary information section.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)**

4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general and significant special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2007. The District does not consider these amendments to be significant.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

As of June 30, 2007, the District had the following investments.

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted average maturity (years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>%</b>
MILAF External Investment pool - MICMS	\$ 11	0.0027	AAAm	1%
MILAF External Investment pool - MIMAX	1,937	0.0027	AAAm	99%
Total fair value	<u>\$ 1,948</u>			<u>100%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2007, the fair value of the District's investments is the same as the value of the pool shares.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$16,772,536 of the District's bank balance of \$16,975,783 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The majority of these deposits are interest bearing. The carrying amount is \$16,095,249.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)**

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

The carrying value of the above amounts as reported in Note 3:

Deposits - including fiduciary funds of \$692,644 carrying amount	\$ 16,095,249
Investments	<u>1,948</u>
	<u><u>\$ 16,097,197</u></u>

The above amounts are reported in the financial statements as follows:

Cash - agency fund	\$ 681,552
Investments - agency fund - certificate of deposit	11,092
Cash - district-wide	15,402,605
Investments - district-wide	<u>1,948</u>
	<u><u>\$ 16,097,197</u></u>

Included in the \$15,402,605 of cash – district-wide is \$6,800,000 of cash restricted for use as required by the 2007 technology capital projects fund.

**NOTE 4 - RECEIVABLES**

Intergovernmental receivables at June 30, 2007 consist of the following:

State Aid - Michigan Department of Education	\$ 4,323,267
Federal	238,613
Indermediate school district	<u>174,232</u>
Total	<u><u>\$ 4,736,112</u></u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Assets, not being depreciated:				
Land	\$ 4,672,984	\$	\$	\$ 4,672,984
Construction in process	91,795	123,095	(91,795)	123,095
Subtotal	<u>4,764,779</u>	<u>123,095</u>	<u>(91,795)</u>	<u>4,796,079</u>
Capital assets, being depreciated:				
Land improvements	7,085,131	432,240		7,517,371
Building and improvements	71,088,425	1,042,010		72,130,435
Furniture and fixtures	6,177,025	17,532		6,194,557
Machinery and equipment	2,979,248			2,979,248
Computers and equipment	3,286,493	222,217		3,508,710
Transportation equipment	1,773,960	140,294	(113,278)	1,800,976
Total capital assets, being depreciated	<u>92,390,282</u>	<u>1,854,293</u>	<u>(113,278)</u>	<u>94,131,297</u>
Accumulated depreciation:				
Land improvements	3,067,598	353,155		3,420,753
Building and improvements	22,245,914	1,468,754		23,714,668
Furniture and fixtures	4,078,255	229,576		4,307,831
Machinery and equipment	2,143,058	91,393		2,234,451
Computers and equipment	2,666,699	230,574		2,897,273
Transportation equipment	1,535,573	97,566	(113,278)	1,519,861
Total accumulated depreciation	<u>35,737,097</u>	<u>2,471,018</u>	<u>(113,278)</u>	<u>38,094,837</u>
Net capital assets, being depreciated	<u>56,653,185</u>	<u>(616,725)</u>		<u>56,036,460</u>
Net governmental capital assets	<u>\$ 61,417,964</u>	<u>\$ (493,630)</u>	<u>\$ (91,795)</u>	<u>\$ 60,832,539</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$2,471,018. The District allocated depreciation to the various activities as follows:

Instruction	\$ 623,644
Support	372,164
Community service	6,458
Unassigned	<u>1,468,752</u>
	<u>\$ 2,471,018</u>



**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - CAPITAL ASSETS (Concluded)**

Construction in process consists of replacement of the roof at Edgewood Elementary and Okemos High School. The estimated completion date is August of 2007.

**NOTE 6 - NOTE PAYABLE**

At June 30, 2007, the District has a note payable outstanding of \$3,200,000. The note has an interest rate of 3.68% and matures August 20, 2007. The District has funds on deposit with financial institutions, which are included in cash on the statement of net assets to be applied against the \$3,200,000 note. The note is secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 2006	Additions	Payments	Balance June 30, 2007
<u>\$ 2,700,000</u>	<u>\$ 3,200,000</u>	<u>\$ (2,700,000)</u>	<u>\$ 3,200,000</u>

**NOTE 7 - LONG-TERM DEBT**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2007:

	Accumulated compensated absences	Bonded debt	Total
Balance, July 1, 2006	\$ 3,092,809	\$ 66,268,417	\$ 69,361,226
Additions		9,770,438	9,770,438
Deletions	(95,416)	(4,112,500)	(4,207,916)
Balance, June 30, 2007	2,997,393	71,926,355	74,923,748
Less current portion	(149,870)	(5,475,000)	(5,624,870)
Total due after one year	<u>\$ 2,847,523</u>	<u>\$ 66,451,355</u>	<u>\$ 69,298,878</u>

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Continued)**

Long-term debt currently outstanding is as follows:

1993 capital appreciation (serial) bonds due in annual installment of \$6,325,000 to \$9,960,000 from May 1, 2012 to May 1, 2021 with effective interest at 6.45% to 6.55% (maturity value \$80,225,000)	\$ 17,321,722	
Recorded appreciation	<u>25,848,333</u>	\$ 43,170,055
1999 general obligation bonds due in annual installments of \$640,000 to \$2,025,000 from May 1, 2007 through May 1, 2009 with interest at 4.55% to 4.70%		2,665,000
2002 general obligation bonds due in installment of \$280,000 from May 1, 2007 to May 1, 2008 with interest at 3.625% to 3.875%		280,000
2003 general obligation bonds due in installments of \$110,000 to \$5,875,000 from 2007 to 2019 with interest at 2.625% to 5.000%		18,765,000
2003 general obligation bonds due in an installment of \$300,000 from 2007 to 2008 with interest at 2.60% to 2.75%		300,000
2007 school technology bonds due in installments of \$1,175,000 to \$1,525,000 from 2007 to 2012 with interest at 4.125%.		6,800,000
Plus: premium on bond refunding		529,457
Less: deferred amount on bond refunding		<u>(583,157)</u>
Total general obligation debt		71,926,355
Obligation under contract for compensated absences		<u>2,997,393</u>
Total general long-term debt		<u><u>\$ 74,923,748</u></u>

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LONG-TERM DEBT (Concluded)**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2007 bonds outstanding and considered defeased were \$86,304,455.

The annual requirements to amortize debt outstanding as of June 30, 2007, including interest payments are as follows:

Year ending June 30,	Principal	Interest	Amounts payable
2008	\$ 5,475,000	\$ 1,275,415	\$ 6,750,415
2009	6,190,000	1,077,420	7,267,420
2010	6,705,000	793,938	7,498,938
2011	7,155,000	484,513	7,639,513
2012	7,715,000	137,963	7,852,963
2013 - 2017	38,450,000	276,556	38,726,556
2018 - 2021	37,345,000	19,800	37,364,800
	109,035,000	4,065,605	113,100,605
Unrealized appreciation	(37,054,945)		(37,054,945)
Premium amount on bond refunding	529,457		529,457
Deferred loss on bond refunding	(583,157)		(583,157)
Accumulated compensated absences	2,997,393		2,997,393
	<u>\$ 74,923,748</u>	<u>\$ 4,065,605</u>	<u>\$ 78,989,353</u>

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund payable and receivable balances at June 30, 2007 are as follows:

Receivable fund		Payable fund	
General fund	\$ 131,077	Food service fund	\$ 131,077
Capital projects	24,704	Debt service fund technology	24,704
Debt service fund 1993	27,650	Debt service fund 2003R	27,650
	<u>\$ 183,431</u>		<u>\$ 183,431</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

**OKEMOS PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded)**

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2006 was 16.34% of payroll through September 30, 2006 and 17.74% effective October 1, 2006 through June 30, 2007. The contribution requirements of the plan members and the District are established and may be amended by the MPSERS Board of Trustee. The District contributions to MPSERS for the years ended June 30, 2007, 2006 and 2005 were approximately \$4,560,000, \$4,100,000 and \$3,680,000, respectively, equal to the required contribution for the year.

Other Post-employment Benefits - Also within the MPSERS system, retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The MPSERS has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premium is paid by the MPSERS with the balance deducted from the monthly pension.

The District is not responsible for the payment of retirement or post-employment benefits which is the responsibility of the State of Michigan.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District believes such amounts, if any, would be immaterial.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceeded the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. This program is recorded in the general fund. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. Any liability for incurred and unreported claims is not considered material.

Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past three years have been immaterial.

**NOTE 12 - TRANSFERS**

The Dart Gifted Education fund transferred \$68,295 to the general fund for gifted and talented program. The 1991 Debt Service fund transferred \$151,876 to the 1999 Debt Service fund as the long-term debt has been paid off. The 1994 Debt Service fund transferred \$151,970 to the 2003 Debt Service fund as the long term debt has been paid off.

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to year-end, the District entered into an agreement to borrow \$3,145,000 as a State aid note bearing interest at 3.68% and maturing August 20, 2008. The note is secured by the full faith and credit of the District as well as pledged state aid.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**OKEMOS PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2007**

	<b>Original budget</b>	<b>Final budget</b>	<b>Actual</b>	<b>Variance with final budget - positive (negative)</b>
<b>REVENUES:</b>				
Local sources	\$ 11,344,665	\$ 11,327,119	\$ 11,488,851	\$ 161,732
State sources	27,068,957	27,500,827	27,537,758	36,931
Federal sources	510,685	513,910	476,021	(37,889)
Intermediate district and other transactions	2,938,684	3,068,846	3,135,760	66,914
Total revenues	41,862,991	42,410,702	42,638,390	227,688
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Basic programs	19,074,871	19,945,548	20,100,618	(155,070)
Added needs	4,421,004	4,487,675	4,230,795	256,880
Total instruction	23,495,875	24,433,223	24,331,413	101,810
Support services:				
Pupil	2,734,473	2,677,123	2,714,634	(37,511)
Instruction staff	1,549,729	1,475,569	1,422,710	52,859
General administration	737,743	756,102	820,297	(64,195)
School administration	2,796,042	2,778,576	2,758,239	20,337
Business	1,444,346	1,436,028	1,391,076	44,952
Operations and maintenance	4,706,068	4,760,178	4,669,850	90,328
Transportation	1,123,948	1,032,371	1,057,508	(25,137)
Central	396,413	394,905	375,581	19,324
Other support services	412,063	56,966	57,470	(504)
Total support services	15,900,825	15,367,818	15,267,365	100,453
Community services	2,731,174	2,592,847	2,539,052	53,795
Athletics	728,468	727,798	779,464	(51,666)
Total expenditures	42,856,342	43,121,686	42,917,294	204,392
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(993,351)	(710,985)	(278,904)	432,081
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	108,581	68,295	68,295	
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (884,770)</u>	<u>\$ (642,690)</u>	(210,609)	<u>\$ 432,081</u>
<b>FUND BALANCE, beginning of year</b>			5,270,080	
<b>FUND BALANCE, end of year</b>			<u>\$ 5,059,471</u>	



## **ADDITIONAL INFORMATION**

**OKEMOS PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2007**

	<b>Special revenue</b>	<b>Debt service</b>	<b>Capital projects</b>	<b>Total nonmajor governmental funds</b>
<b>ASSETS</b>				
<b>ASSETS:</b>				
Cash	\$ 345,842	\$ 750,885	\$ 232,976	\$ 1,329,703
Investment		684	114	798
Receivables:				
Intergovernmental	35,563			35,563
Other	10,448			10,448
Due from other funds		27,650		27,650
Inventory	43,048			43,048
<b>TOTAL ASSETS</b>	<b>\$ 434,901</b>	<b>\$ 779,219</b>	<b>\$ 233,090</b>	<b>\$ 1,447,210</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,277	\$ 11,595	\$ 228,176	\$ 241,048
Deferred revenue	37,102			37,102
Due to other funds	131,077	52,354		183,431
<b>TOTAL LIABILITIES</b>	<b>169,456</b>	<b>63,949</b>	<b>228,176</b>	<b>461,581</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Trust activities	240,336			240,336
Capital projects				
Debt service		715,270		715,270
Total reserved	240,336	715,270		955,606
Undesignated	25,109		4,914	30,023
<b>TOTAL FUND BALANCES</b>	<b>265,445</b>	<b>715,270</b>	<b>4,914</b>	<b>985,629</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 434,901</b>	<b>\$ 779,219</b>	<b>\$ 233,090</b>	<b>\$ 1,447,210</b>

**OKEMOS PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
**YEAR ENDED JUNE 30, 2007**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total nonmajor governmental funds</u>
<b>REVENUES:</b>				
Local sources:				
Property taxes	\$	\$ 4,774,143	\$ 1,730,962	\$ 6,505,105
Interest	18,085	122,372	23,089	163,546
Food service sales	1,119,304			1,119,304
Total local sources	1,137,389	4,896,515	1,754,051	7,787,955
State sources	37,415			37,415
Federal sources	184,917			184,917
Total revenues	1,359,721	4,896,515	1,754,051	8,010,287
<b>EXPENDITURES:</b>				
School lunch	1,341,473			1,341,473
Capital outlay			1,675,228	1,675,228
Debt service:				
Principal		2,540,858		2,540,858
Interest		2,407,719		2,407,719
Miscellaneous		2,350		2,350
Total expenditures	1,341,473	4,950,927	1,675,228	7,967,628
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	18,248	(54,412)	78,823	42,659
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in		303,846		303,846
Transfers out	(68,295)	(303,846)		(372,141)
Total other financing sources (uses)	(68,295)			(68,295)
<b>NET CHANGE IN FUND BALANCES;</b>	(50,047)	(54,412)	78,823	(25,636)
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	315,492	769,682	(73,909)	1,011,265
End of year	\$ 265,445	\$ 715,270	\$ 4,914	\$ 985,629

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>LOCAL SOURCES:</b>			
Property taxes	\$ 8,054,623	\$ 8,190,777	\$ 136,154
Community services	2,422,000	2,372,645	(49,355)
Interest	235,000	272,051	37,051
Athletics	209,500	209,449	(51)
Other	405,996	443,929	37,933
	<u>11,327,119</u>	<u>11,488,851</u>	<u>161,732</u>
Total local sources			
<b>STATE SOURCES:</b>			
State aid	<u>27,500,827</u>	<u>27,537,758</u>	<u>36,931</u>
<b>FEDERAL SOURCES:</b>			
Title I	253,869	218,207	(35,662)
Other grants	<u>260,041</u>	<u>257,814</u>	<u>(2,227)</u>
	<u>513,910</u>	<u>476,021</u>	<u>(37,889)</u>
Total federal sources			
<b>INTERMEDIATE DISTRICT TRANSACTIONS:</b>			
Intermediate school district	<u>3,068,846</u>	<u>3,135,760</u>	<u>66,914</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 42,410,702</u></u>	<u><u>\$ 42,638,390</u></u>	<u><u>\$ 227,688</u></u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>INSTRUCTION:</b>			
Basic programs:			
Elementary:			
Salaries:			
Faculty	\$ 5,414,367	\$ 5,451,087	\$ (36,720)
Extra duty	15,000	13,686	1,314
Reserve faculty	244,575	250,212	(5,637)
Employee insurance/benefits	1,128,918	1,198,735	(69,817)
Retirement	1,006,558	1,009,387	(2,829)
FICA	434,057	441,495	(7,438)
Travel and conferences	4,500	3,150	1,350
Contracted services	64,500	59,468	5,032
Supplies	100,462	99,822	640
Textbooks	22,809	24,366	(1,557)
Outgoing transfers to the ISD	120,000	128,041	(8,041)
Capital outlay	5,000	5,216	(216)
	<u>8,560,746</u>	<u>8,684,665</u>	<u>(123,919)</u>
Total elementary			
Middle school:			
Faculty salaries	3,221,050	3,217,647	3,403
Extra duty	72,000	77,701	(5,701)
Employee insurance/benefits	565,649	610,113	(44,464)
Retirement	584,188	583,244	944
FICA	251,918	256,218	(4,300)
Travel and conferences	1,000	1,146	(146)
Contracted services	39,000	42,838	(3,838)
Supplies	49,094	47,234	1,860
Textbooks	150,935	152,741	(1,806)
Outgoing transfers to the ISD	77,000	71,947	5,053
	<u>5,011,834</u>	<u>5,060,829</u>	<u>(48,995)</u>
Total middle school			

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>INSTRUCTION (Continued):</b>			
Basic programs (Concluded):			
High school:			
Salaries:			
Faculty	\$ 4,002,012	\$ 4,009,654	\$ (7,642)
Extra duty	130,000	153,000	(23,000)
Employee insurance/benefits	770,009	803,349	(33,340)
Retirement	733,020	729,133	3,887
FICA	316,100	321,161	(5,061)
Contracted services	61,702	54,794	6,908
Supplies	123,842	114,248	9,594
Textbooks	56,163	46,391	9,772
Other expenses	50,120	25,490	24,630
Outgoing transfers to the ISD	130,000	97,904	32,096
	<u>6,372,968</u>	<u>6,355,124</u>	<u>17,844</u>
Total high school			
	<u>19,945,548</u>	<u>20,100,618</u>	<u>(155,070)</u>
Total basic programs			
Added needs:			
Special education:			
Salaries:			
Faculty	1,796,558	1,747,565	48,993
Teacher aides	264,400	240,564	23,836
Reserve faculty	44,500	19,420	25,080
Employee insurance/benefits	476,459	461,111	15,348
Retirement	373,509	352,924	20,585
FICA	161,068	154,661	6,407
Travel and conferences	6,700	3,900	2,800
Contracted services	36,000	14,986	21,014
Supplies	14,978	4,046	10,932
Textbooks	800		800
Outgoing transfers to the ISD	65,000	73,894	(8,894)
	<u>3,239,972</u>	<u>3,073,071</u>	<u>166,901</u>
Total special education			

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>INSTRUCTION (Concluded):</b>			
Added needs (Concluded):			
Compensatory education:			
Salaries:			
Faculty	\$ 602,080	\$ 589,573	\$ 12,507
Teacher aides	150,193	109,678	40,515
Reserve faculty	2,599	2,599	
Employee insurance/benefits	106,114	106,194	(80)
Retirement	133,453	117,846	15,607
FICA	57,138	53,492	3,646
Contracted services	50,855	48,913	1,942
Compensatory education	2,700	2,830	(130)
Supplies	30,666	14,192	16,474
	<u>1,135,798</u>	<u>1,045,317</u>	<u>90,481</u>
Total compensatory education			
	<u>1,135,798</u>	<u>1,045,317</u>	<u>90,481</u>
Gifted programs:			
Salaries	76,649	76,649	
Employee insurance/benefits	15,494	15,695	(201)
Retirement	13,598	13,598	
FICA	5,864	5,864	
Contracted services	300	601	(301)
	<u>111,905</u>	<u>112,407</u>	<u>(502)</u>
Total gifted programs			
	<u>111,905</u>	<u>112,407</u>	<u>(502)</u>
Total added needs	<u>4,487,675</u>	<u>4,230,795</u>	<u>256,880</u>
<b>TOTAL INSTRUCTION</b>	<u>24,433,223</u>	<u>24,331,413</u>	<u>101,810</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES:</b>			
Pupil:			
Guidance services:			
Salaries:			
Counselors	\$ 844,675	\$ 832,592	\$ 12,083
Clerical	27,250	27,226	24
Employee insurance/benefits	159,950	179,742	(19,792)
Retirement	154,679	151,528	3,151
FICA	66,703	65,728	975
Supplies	3,800	3,604	196
	<u>1,257,057</u>	<u>1,260,420</u>	<u>(3,363)</u>
Total guidance services			
Special education support:			
Psychological services:			
Salaries	185,675	189,370	(3,695)
Employee insurance/benefits	39,300	37,309	1,991
Retirement	32,939	33,386	(447)
FICA	14,204	14,483	(279)
Travel and conference	1,200	787	413
Supplies	4,000	3,826	174
Speech pathology and audiology:			
Salaries	321,200	329,204	(8,004)
Employee insurance/benefits	59,800	53,792	6,008
Retirement	56,981	57,755	(774)
FICA	24,572	24,980	(408)
Travel and conference	2,280	1,909	371
Supplies	1,200	1,018	182



**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
Pupil (Concluded):			
Special education support (Continued):			
Social work services:			
Salaries	\$ 229,358	\$ 233,063	\$ (3,705)
Employee insurance/benefits	44,075	44,068	7
Retirement	40,688	40,937	(249)
FICA	17,546	17,967	(421)
Travel and conference	1,520	857	663
Supplies	400	403	(3)
Teacher consultant:			
Salaries	58,631	58,631	-
Employee insurance/benefits	10,500	9,771	729
Retirement	10,401	10,462	(61)
FICA	4,485	4,485	0
	<u>1,160,955</u>	<u>1,168,463</u>	<u>(7,508)</u>
Other pupil services:			
Salaries	194,000	218,272	(24,272)
Employee insurance/benefits	14,500	13,573	927
Retirement	34,593	36,829	(2,236)
FICA	14,918	16,249	(1,331)
Contracted services	1,000	828	172
Supplies	100		100
	<u>259,111</u>	<u>285,751</u>	<u>(26,640)</u>
Total other pupil services	<u>259,111</u>	<u>285,751</u>	<u>(26,640)</u>
Total pupil	<u>2,677,123</u>	<u>2,714,634</u>	<u>(37,511)</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
Instructional staff:			
Curriculum improvement:			
Salaries:			
Faculty	\$ 127,802	\$ 129,551	\$ (1,749)
Clerical	36,050	36,212	(162)
Employee insurance/benefits	35,328	35,655	(327)
Retirement	29,067	28,810	257
FICA	12,535	11,512	1,023
Contracted services	1,800	1,760	40
Travel and conferences	42,310	25,065	17,245
Supplies	21,560	20,956	604
Program development	33,113	19,904	13,209
	<u>339,565</u>	<u>309,425</u>	<u>30,140</u>
Total curriculum improvement			
Library:			
Salaries	338,008	353,475	(15,467)
Employee insurance/benefits	107,525	108,911	(1,386)
Retirement	59,963	62,044	(2,081)
FICA	25,858	28,282	(2,424)
IMC books	25,500	24,127	1,373
Capital outlay	5,000	1,534	3,466
Supplies	20,000	18,372	1,628
Travel and conferences	7,500	5,885	1,615
Contracted services - audio visual	20,500	18,155	2,345
Supplies - audio visual	47,500	43,318	4,182
	<u>657,354</u>	<u>664,103</u>	<u>(6,749)</u>
Total library			

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
Instructional staff (Concluded):			
Supervision and direction:			
Salaries:			
Directors	\$ 104,375	\$ 104,806	\$ (431)
Clerical	46,500	42,980	3,520
Employee insurance/benefits	26,150	26,095	55
Retirement	26,765	25,832	933
FICA	11,542	10,930	612
Postage	750	466	284
Contracted services	26,000	4,049	21,951
Travel and conferences	2,800	370	2,430
Supplies	5,600	4,844	756
	<u>250,482</u>	<u>220,372</u>	<u>30,110</u>
Total supervision and direction			
Other instructional services:			
Salaries - area coordinators	158,632	158,618	14
Employee insurance/benefits	29,260	29,843	(583)
Retirement	28,141	26,904	1,237
FICA	12,135	13,445	(1,310)
	<u>228,168</u>	<u>228,810</u>	<u>(642)</u>
Total other instructional services			
Total instructional staff	<u>1,475,569</u>	<u>1,422,710</u>	<u>52,859</u>
General administration:			
Board of Education:			
Contracted services	135,500	143,723	(8,223)
Travel	5,000	4,576	424
	<u>140,500</u>	<u>148,299</u>	<u>(7,799)</u>
Total Board of Education			

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
General administration (Concluded):			
Executive administration:			
Salaries:			
Administrators	\$ 280,185	\$ 278,758	\$ 1,427
Clerical	105,900	112,771	(6,871)
Employee insurance/benefits	62,760	118,179	(55,419)
Retirement	68,492	66,867	1,625
FICA	29,535	22,787	6,748
Contracted services	20,500	22,657	(2,157)
Travel and conferences	6,400	6,735	(335)
Postage	10,000	9,969	31
Publications	3,000	2,368	632
Office supplies	10,200	10,554	(354)
Miscellaneous	18,630	20,353	(1,723)
	<u>615,602</u>	<u>671,998</u>	<u>(56,396)</u>
Total executive administration			
	<u>615,602</u>	<u>671,998</u>	<u>(56,396)</u>
Total general administration	<u>756,102</u>	<u>820,297</u>	<u>(64,195)</u>
School administration:			
Office of the principal:			
Salaries:			
Principals	1,270,038	1,268,880	1,158
Clerical	515,400	510,280	5,120
Employee insurance/benefits	392,811	413,296	(20,485)
Retirement	316,737	311,563	5,174
FICA	136,585	134,489	2,096
Travel and conferences	15,000	2,487	12,513
Postage	52,600	45,769	6,831
Contracted services	26,700	20,582	6,118
Supplies	34,860	36,294	(1,434)
Miscellaneous	17,845	14,599	3,246
	<u>2,778,576</u>	<u>2,758,239</u>	<u>20,337</u>
Total school administration			
	<u>2,778,576</u>	<u>2,758,239</u>	<u>20,337</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
Business:			
Fiscal services:			
Salaries:			
Administrator	\$ 116,751	\$ 118,635	\$ (1,884)
Clerical	85,470	80,118	5,352
Employee insurance/benefits	64,800	65,097	(297)
Retirement	35,874	34,571	1,303
FICA	15,469	15,204	265
Travel and conferences	2,000	2,067	(67)
Contracted services	5,000	5,768	(768)
Supplies	2,000	2,747	(747)
Association fees	700	727	(27)
	<u>328,064</u>	<u>324,934</u>	<u>3,130</u>
Total fiscal services			
Internal and other business services:			
Salaries	221,382	220,031	1,351
Employee insurance/benefits	165,225	143,323	21,902
Retirement	40,355	38,275	2,080
FICA	17,402	17,247	155
Travel and conferences	3,500	8,399	(4,899)
Contracted services	217,100	203,803	13,297
Supplies	87,000	91,010	(4,010)
Other supplies	12,500	13,889	(1,389)
Interest	112,000	111,993	7
Miscellaneous	45,000	34,477	10,523
Tax collection fees	2,500	1,440	1,060
Capital outlay	184,000	182,255	1,745
	<u>1,107,964</u>	<u>1,066,142</u>	<u>41,822</u>
Total internal and other business services			
Total business	<u>1,436,028</u>	<u>1,391,076</u>	<u>44,952</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Continued):</b>			
Operation and maintenance of plant:			
Salaries:			
Supervisor	\$ 125,775	\$ 125,773	\$ 2
Staff	1,672,869	1,586,147	86,722
Employee insurance/benefits	485,000	489,198	(4,198)
Retirement	318,938	294,722	24,216
FICA	137,596	131,805	5,791
Travel and conferences	1,000	1,274	(274)
Telephone	120,000	107,153	12,847
Utilities	1,225,000	1,244,700	(19,700)
Contracted services	234,000	227,387	6,613
Supplies	370,000	369,175	825
Capital outlay	70,000	92,516	(22,516)
	<u>4,760,178</u>	<u>4,669,850</u>	<u>90,328</u>
Total operation and maintenance of plant			
Pupil transportation services:			
Salaries:			
Supervisor	70,000	70,574	(574)
Clerical	16,800	17,216	(416)
Bus drivers	300,000	311,772	(11,772)
Garage employees	74,000	77,669	(3,669)
Employee insurance/benefits	126,600	125,764	836
Retirement	78,894	83,703	(4,809)
FICA	34,027	37,126	(3,099)
Travel and conferences	3,000	3,333	(333)
Contracted services	53,700	55,780	(2,080)
Supplies	133,550	133,316	234
Capital outlay	140,000	140,294	(294)
Office supplies	1,800	961	839
	<u>1,032,371</u>	<u>1,057,508</u>	<u>(25,137)</u>
Total pupil transportation services			

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>SUPPORT SERVICES (Concluded):</b>			
Central:			
Salaries	\$ 1,500	\$ 1,518	\$ (18)
Retirement	280	281	(1)
FICA	115	114	1
Data processing services:			
Salaries	184,150	180,221	3,929
Employee insurance/benefits	37,000	37,200	(200)
Retirement	32,668	31,326	1,342
FICA	14,087	13,802	285
Data processing services	113,105	99,359	13,746
Supplies	10,000	11,694	(1,694)
Travel and conference	2,000	66	1,934
Total central	<u>394,905</u>	<u>375,581</u>	<u>19,324</u>
Other:			
Discretionary funds building	11,966	12,217	(251)
Capital outlay	15,000	14,929	71
Outgoing transfers to the ISD	30,000	30,324	(324)
Total other	<u>56,966</u>	<u>57,470</u>	<u>(504)</u>
<b>TOTAL SUPPORT SERVICES</b>	<u>15,367,818</u>	<u>15,267,365</u>	<u>100,453</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
<b>COMMUNITY SERVICES:</b>			
Salaries	\$ 1,463,954	\$ 1,515,788	\$ (51,834)
Employee insurance/benefits	218,005	195,704	22,301
Retirement	258,595	259,121	(526)
FICA	111,514	116,023	(4,509)
Travel and conference	8,465	5,100	3,365
Postage	12,850	4,894	7,956
Printing	3,180	2,428	752
Contracted services	225,805	196,344	29,461
Publications	23,710	11,945	11,765
Supplies	180,804	161,710	19,094
Telephone	8,500	7,342	1,158
Transportation	19,290	12,717	6,573
Field trips	9,900	8,998	902
Miscellaneous	37,875	40,818	(2,943)
Capital outlay	10,400	120	10,280
	<u>2,592,847</u>	<u>2,539,052</u>	<u>53,795</u>
<b>TOTAL COMMUNITY SERVICES</b>			
<b>ATHLETICS:</b>			
Salaries:			
Director	90,440	90,740	(300)
Coaches	385,464	402,495	(17,031)
Secretary	27,920	25,408	2,512
Employee insurance/benefits	31,000	30,821	179
Retirement	88,491	89,299	(808)
FICA	38,160	39,587	(1,427)
Contracted services	56,323	69,358	(13,035)
Travel and conferences		1,126	(1,126)
Supplies	10,000	30,630	(20,630)
	<u>727,798</u>	<u>779,464</u>	<u>(51,666)</u>
<b>TOTAL ATHLETICS</b>			
<b>TOTAL EXPENDITURES</b>	<u>\$ 43,121,686</u>	<u>\$ 42,917,294</u>	<u>\$ 204,392</u>



**OKEMOS PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007  
(with comparative totals for June 30, 2006)**

			<b>Totals</b>	
	<b>School lunch fund</b>	<b>Dart gifted education fund</b>	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>				
Cash	\$ 105,506	\$ 240,336	\$ 345,842	\$ 331,504
Investments				250,000
Receivables:				
Intergovernmental	35,563		35,563	30,974
Other	10,448		10,448	22,284
Due from other funds				147
Inventory	43,048		43,048	31,405
Total assets	<u>\$ 194,565</u>	<u>\$ 240,336</u>	<u>\$ 434,901</u>	<u>\$ 666,314</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Salaries and fringe benefits payable	\$	\$	\$	\$ 390
Accounts payable	1,277		1,277	
Deferred revenue	37,102		37,102	
Due to other funds	131,077		131,077	350,432
Total liabilities	<u>169,456</u>		<u>169,456</u>	<u>350,822</u>
Fund balances:				
Reserved - trust activities		240,336	240,336	290,546
Unreserved and undesignated	25,109		25,109	24,946
Total fund balances	<u>25,109</u>	<u>240,336</u>	<u>265,445</u>	<u>315,492</u>
Total liabilities and fund balances	<u>\$ 194,565</u>	<u>\$ 240,336</u>	<u>\$ 434,901</u>	<u>\$ 666,314</u>

**OKEMOS PUBLIC SCHOOLS  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2007  
(with comparative totals for the year ended June 30, 2006)**

			<b>Totals</b>	
	<b>School lunch fund</b>	<b>Dart gifted education fund</b>	<b>2007</b>	<b>2006</b>
<b>REVENUES:</b>				
Food sales	\$ 1,119,304	\$	\$ 1,119,304	\$ 1,210,225
Federal sources	184,917		184,917	178,351
State sources	37,415		37,415	31,524
Interest		18,085	18,085	17,187
Total revenues	1,341,636	18,085	1,359,721	1,437,287
<b>EXPENDITURES:</b>				
Salaries and wages	463,541		463,541	469,072
Employee benefits	207,573		207,573	225,716
Supplies and other expenses	151,354		151,354	135,756
Food costs	519,005		519,005	573,763
Capital outlay				2,216
Total expenditures	1,341,473		1,341,473	1,406,523
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	163	18,085	18,248	30,764
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out		(68,295)	(68,295)	(65,788)
<b>NET CHANGE IN FUND BALANCES</b>	163	(50,210)	(50,047)	(35,024)
<b>FUND BALANCES, beginning of year</b>	24,946	290,546	315,492	350,516
<b>FUND BALANCES, end of year</b>	\$ 25,109	\$ 240,336	\$ 265,445	\$ 315,492

**OKEMOS PUBLIC SCHOOLS  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2007  
(with comparative totals for June 30, 2006)**

	Debt service funds								Totals	
ASSETS	1991	1993	1994	Refunding 1999	Refunding 2002	Refunding 2003	Technology 2003	Technology 2007	2007	2006
Cash	\$	\$ 61,898	\$	\$ 249,993	\$ 67,628	\$ 294,048	\$ 52,614	\$ 24,704	\$ 750,885	\$ 792,885
Investments		114		228	114	114	114		684	510
Due from other funds		27,650							27,650	130,679
	<u>\$</u>	<u>\$ 89,662</u>	<u>\$</u>	<u>\$ 250,221</u>	<u>\$ 67,742</u>	<u>\$ 294,162</u>	<u>\$ 52,728</u>	<u>\$ 24,704</u>	<u>\$ 779,219</u>	<u>\$ 924,074</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to other funds	\$	\$	\$	\$ 27,650	\$	\$	\$	\$ 24,704	\$ 52,354	\$ 154,392
Accounts payable		5,908		1,093	711	3,281	602		11,595	
Total liabilities		5,908		28,743	711	3,281	602	24,704	63,949	154,392
Fund balances:										
Reserved for debt service		83,754		221,478	67,031	290,881	52,126		715,270	769,682
	<u>\$</u>	<u>\$ 89,662</u>	<u>\$</u>	<u>\$ 250,221</u>	<u>\$ 67,742</u>	<u>\$ 294,162</u>	<u>\$ 52,728</u>	<u>\$ 24,704</u>	<u>\$ 779,219</u>	<u>\$ 924,074</u>

**OKEMOS PUBLIC SCHOOLS**  
**DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2007**  
**(with comparative totals for the year ended June 30, 2006)**

	Debt service funds							Totals		
	1991	1993	1994	Refunding 1999	Refunding 2002	Refunding 2003	Technology 2003	Technology 2007	2007	2006
REVENUES:										
Local sources:										
Property taxes	\$	\$2,432,756	\$	\$ 450,396	\$ 292,541	\$ 1,350,814	\$ 247,636		\$4,774,143	\$4,607,061
Interest		51,035	7,360	15,225	19,328	22,381	7,043		122,372	100,689
Total revenues		2,483,791	7,360	465,621	311,869	1,373,195	254,679		4,896,515	4,707,750
EXPENDITURES:										
Debt service:										
Principal retirement		1,100,858		395,000	390,000	430,000	225,000		2,540,858	3,715,000
Interest		1,319,142		142,908	24,988	906,581	14,100		2,407,719	1,134,274
Miscellaneous expense		900		300	250	650	250		2,350	5,000
Total expenditures		2,420,900		538,208	415,238	1,337,231	239,350		4,950,927	4,854,274
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		62,891	7,360	(72,587)	(103,369)	35,964	15,329		(54,412)	(146,524)
OTHER FINANCING SOURCES (USES):										
Transfers in				151,876		151,970			303,846	
Transfers out	(151,876)		(151,970)						(303,846)	
Total other financing sources (uses)	(151,876)		(151,970)	151,876		151,970				
NET CHANGE IN FUND BALANCES	(151,876)	62,891	(144,610)	79,289	(103,369)	187,934	15,329		(54,412)	(146,524)
FUND BALANCES, beginning of year	151,876	20,863	144,610	142,189	170,400	102,947	36,797		769,682	916,206
FUND BALANCES, end of year	\$	\$ 83,754	\$	\$ 221,478	\$ 67,031	\$ 290,881	\$ 52,126	\$	\$ 715,270	\$ 769,682

**OKEMOS PUBLIC SCHOOLS**  
**NON MAJOR CAPITAL PROJECT FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2007**  
**(with comparative totals for June 30, 2006)**

	<b>2003 Technology fund</b>	<b>Sinking fund</b>	<b>Energy bond fund</b>	<b>Totals</b>	
				<b>2007</b>	<b>2006</b>
<b>ASSETS</b>					
Cash	\$	\$ 232,976	\$	\$ 232,976	\$ 178,142
Investments		114		114	102
Due from other funds				0	759
	<u>\$</u>	<u>\$ 233,090</u>	<u>\$</u>	<u>\$ 233,090</u>	<u>\$ 179,003</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>					
Liabilities:					
Accounts payable	\$	\$ 228,176	\$	\$ 228,176	\$ 91,796
Due to other funds					161,116
					<u>161,116</u>
Total liabilities		<u>228,176</u>		<u>228,176</u>	<u>252,912</u>
Fund balances (deficit):					
Reserved for capital outlay				0	27,769
Unreserved, undesignated		<u>4,914</u>		<u>4,914</u>	<u>(101,678)</u>
Total fund balances (deficit)		<u>4,914</u>		<u>4,914</u>	<u>(73,909)</u>
	<u>\$</u>	<u>\$ 233,090</u>	<u>\$</u>	<u>\$ 233,090</u>	<u>\$ 179,003</u>

**OKEMOS PUBLIC SCHOOLS**  
**NON MAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2007**  
**(with comparative totals for the year ended June 30, 2006)**

	<b>2003 Technology fund</b>	<b>Sinking fund</b>	<b>Energy bond fund</b>	<b>Total</b>	
				<b>2007</b>	<b>2006</b>
<b>REVENUES:</b>					
Local sources:					
Property taxes	\$	\$ 1,730,962	\$	\$ 1,730,962	\$ 1,628,304
Interest on investments	394	22,645	50	23,089	12,042
	<u>394</u>	<u>1,753,607</u>	<u>50</u>	<u>1,754,051</u>	<u>1,640,346</u>
Total revenues					
<b>EXPENDITURES:</b>					
Capital outlay	26,793	1,647,015	1,420	1,675,228	1,268,064
Principal retirement					200,000
Interest					7,000
Bond issuance costs					
	<u>26,793</u>	<u>1,647,015</u>	<u>1,420</u>	<u>1,675,228</u>	<u>1,475,064</u>
Total expenditures					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(26,399)</u>	<u>106,592</u>	<u>(1,370)</u>	<u>78,823</u>	<u>165,282</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from bond issuance					
Premium on bond					
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Total other financing sources (uses)					
<b>NET CHANGE IN FUND BALANCES</b>	(26,399)	106,592	(1,370)	78,823	165,282
<b>FUND BALANCES (DEFICIT), beginning of year</b>	26,399	(101,678)	1,370	(73,909)	(239,191)
<b>FUND BALANCES (DEFICIT), end of year</b>	<u>\$</u>	<u>\$ 4,914</u>	<u>\$</u>	<u>\$ 4,914</u>	<u>\$ (73,909)</u>

**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
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**ELEMENTARY AGENCY FUND**

**ASSETS**

Cash	\$ 115,666	\$ 208,145	\$ 201,532	\$ 122,279
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**LIABILITIES**

Due to student groups	\$ 115,666	\$ 208,145	\$ 201,532	\$ 122,279
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**MIDDLE SCHOOL AGENCY FUND**

**ASSETS**

Cash	\$ 194,032	\$ 291,383	\$ 296,317	\$ 189,098
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**LIABILITIES**

Due to student groups	\$ 194,032	\$ 291,383	\$ 296,317	\$ 189,098
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**HIGH SCHOOL AGENCY FUNDS**

**ASSETS**

Cash	\$ 270,523	\$ 655,134	\$ 695,306	\$ 230,351
Investments - certificate of deposit		11,092		11,092
Due from other government	9,901		9,901	
	\$ 280,424	\$ 666,226	\$ 705,207	\$ 241,443

**LIABILITIES**

Due to other government	\$ 15,067	\$	\$ 5,007	\$ 10,060
Due to student groups	265,357	666,226	700,200	231,383
	\$ 280,424	\$ 666,226	\$ 705,207	\$ 241,443

**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<b>BUSINESS OFFICE AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	\$ 95,977	\$ 86,460	\$ 42,613	\$ 139,824
<b>LIABILITIES</b>				
Due to student groups	\$ 95,977	\$ 86,460	\$ 42,613	\$ 139,824
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 676,198	\$ 1,241,122	\$ 1,235,768	\$ 681,552
Investments - certificate of deposit		11,092		11,092
Due from other government	9,901		9,901	
	\$ 686,099	\$ 1,252,214	\$ 1,245,669	\$ 692,644
<b>LIABILITIES</b>				
Due to other government	\$ 15,067	\$	\$ 5,007	\$ 10,060
Due to student groups	671,032	1,252,214	1,240,662	682,584
	\$ 686,099	\$ 1,252,214	\$ 1,245,669	\$ 692,644



**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL**  
**YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>ELEMENTARY:</b>				
<b>Bennett Woods:</b>				
Contingency fund	\$ 17,597	\$ 27,618	\$ 28,424	\$ 16,791
Media	899	3,232	3,691	440
<b>Central:</b>				
5th grade activity	17	2,015		2,032
Andrew Freeman	3,803	632	444	3,991
Book Fair - reading	3,598	954	1,347	3,205
Contingency fund	11,935	1,795	2,198	11,532
Field trip	245	2,146	2,234	157
Junior great books	173			173
Store - Spirit Shop	125			125
Student council	278	51		329
Tech Ed	6			6
Vending	622	464	653	433
<b>Cornell:</b>				
Art	347	5,916	5,983	280
Book fair - reading	3,183	13,013	13,238	2,958
Drama		660	65	595
Field trip	3,556	27,535	24,791	6,300
Media				
Office-Cornell	2,302	1,048	3,350	
Visiting authors	65			65
Yearbook	377	1,555	179	1,753
<b>Edgewood/Montessori:</b>				
Adopt-A-Book	323	1,209	32	1,500
Book fair	1,509	5,960	5,020	2,449
Contingency	953	11,456	8,891	3,518
Field trips	537	13,015	9,833	3,719
Literacy	217		217	

**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2007</b>
<b>ELEMENTARY (Continued)</b>				
<b>Edgewood/Montessori:</b>				
Music	\$ 37	\$	\$	\$ 37
Student council	569	3,283	3,031	821
Contingency	5			5
<b>Hiawatha:</b>				
Book Fair - reading	3,392	12,567	11,392	4,567
Camp fund	1,700	1,529	1,851	1,378
Media	678			678
Field Trips Kindergarten	869	3,916	3,897	888
Field trips	2,389	425	1,558	1,256
1st grade field trip		1,315	1,207	108
5th grade field trip	1,375	7,854	8,813	416
Greenfield Village	1			1
Vending	2,660	238	1,130	1,768
Media	2,147	4,490	4,551	2,086
Safety Patrol	140	535	408	267
Space Camp Hiawatha	1			1
Staff PTO Budget	1,298		1,253	45
Store	8,348	10,882	8,847	10,383
Student Council	7,715	2,980	1,213	9,482
VanderCook-Retirement	2,196	5	2,201	
Yearbook	1,220	3,761	32	4,949
<b>Wardcliff:</b>				
1st grade		1,005	791	214
2nd grade		2,149	2,149	
5th grade		10,275	10,207	68
Camp	1,616		1,616	
Chorus	1,167	3,005	2,145	2,027
Contingency Fund	21,161	3,151	8,259	16,053
4th Grade Spilker	17	1,482	1,070	429
4th Grade-Wardcliff	652	866	1,207	311

**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL**  
**YEAR ENDED JUNE 30, 2007**

	Balance			Balance
	June 30, 2006	Additions	Deductions	June 30, 2007
<b>ELEMENTARY (Concluded)</b>				
<b>Wardcliff:</b>				
Garden	\$ 995	\$	\$	\$ 995
IMC	378	6,330	6,357	351
Jr Great Books		331	331	-
Kindergarten	42	4,666	4,587	121
Literacy	201	831	839	193
Spartan Program	30			30
<b>TOTAL ELEMENTARY</b>	115,666	208,145	201,532	122,279
<b>MIDDLE SCHOOL:</b>				
<b>Chippewa:</b>				
Andros Richter	3,964	573	2,592	1,945
Art	2			2
Atkins	291		262	29
Athletics	2,884	12,628	13,673	1,839
Band	952	8,458	7,789	1,621
7th grade camp		85	85	
Camp	3,919	24,730	23,854	4,795
Cedar Point	365	16,021	16,073	313
Celebration account	102			102
Chorus	3,532	1,930	4,615	847
Concession	268	1,828	1,809	287
Field Trips	(480)	1,515	1,035	
7th grade field trips	1,918	9,768	9,247	2,439
8th grade field trips	(12)	8,381	8,299	70
Fitness Lab Memorial	261			261
French	384	280		664
German	137			137
Guidance	413	2,051	1,698	766
Morris/Pixley	21	62	48	35
Achieve	1,093		23	1,070

**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2007</b>
<b>MIDDLE SCHOOL(Continued):</b>				
<b>Chippewa:</b>				
Language Arts	\$ 39	\$	\$	\$ 39
Klick	5			5
Locks - Phys Ed	151		150	1
Lugnuts	30			30
Officials	6,772	5,706	4,627	7,851
 Fushion	 906	 926	 693	 1,139
MSJ	668	675	880	463
Media	136			136
Miscellaneous	590		182	408
Music	5,213	6,829	8,519	3,523
 Paperback	 1,163	 3,621	 3,242	 1,542
Principal's account	4,942	6,611	7,872	3,681
Registration	3,594			3,594
Lost/damaged books	42	732	194	580
Scholarship		34		34
 6th grade activity	 1,750	 11,411	 10,550	 2,611
Science	1,016			1,016
Naganit	9,675	791	1,013	9,453
Social Studies	4			4
Spanish	178	263		441
 Store - Spirit shop	 1,060	 330	 672	 718
Student Council	465	396	611	250
Tech ed	178			178
Tetra camp	4,986	648	315	5,319
Theater	25,546	5,152	3,746	26,952
 Tribute	 599		 104	 495
Yearbook	335	14,494	14,829	

**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL**  
**YEAR ENDED JUNE 30, 2007**

	Balance			Balance
	June 30, 2006	Additions	Deductions	June 30, 2007
<b>MIDDLE SCHOOL(Continued):</b>				
<b>Kinawa:</b>				
Activity-Kinawa	\$ 521	\$	\$	\$ 521
Athletics	7,248	10,847	12,369	5,726
Band	147	5,819	5,034	932
Counseling	1,162	322	463	1,021
Camp	4,363	18,956	18,500	4,819
Cedar Point	3,579	11,852	12,075	3,356
Chorus	2,183	4,682	4,927	1,938
Concession	8,994	4,114	4,454	8,654
Damaged books	10,617	1,739	2,472	9,884
Grant	1,095			1,095
IMC	443	3,554	3,175	822
Vending	10,289	7,963	10,769	7,483
Locks	488	72		560
Officials	2,802	6,051	8,852	1
Miscellaneous	2,179	1,350	692	2,837
Music	71	1,996	1,867	200
Scholarship	8,741			8,741
Science Olympiad	254	536	248	542
Sunshine club	17			17
Student Council	9,814	13,620	13,580	9,854
Tech Ed	97	436	297	236
Theater	5,257	8,040	6,298	6,999
Team 7-1	2,971	3,688	3,568	3,091
Team 8-1	4,643	13,267	11,808	6,102
Team 6-2	89		59	30
Team 6-1	135		10	125
Team 6-3				
Team 6-4	3,014	9,682	8,962	3,734
Tournament	8,827	7,786	8,184	8,429
Yearbook	3,935	8,082	8,353	3,664
<b>TOTAL MIDDLE SCHOOL</b>	<b>194,032</b>	<b>291,383</b>	<b>296,317</b>	<b>189,098</b>

**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>		<b>June 30, 2007</b>
<b>OKEMOS HIGH SCHOOL:</b>					
AP Exams	\$ 2,604	\$ 47,399	\$ 46,446	\$	3,557
Action	10,731	1,337	706		11,362
Art Club	566	24,578	25,144		
Asian American	18				18
Athletic projects - Stolz	33,782	46,850	75,672		4,960
 Athletic scholarship	 523				 523
Band	5,232	4,633	6,773		3,092
Bertrand spirit award	(1)	1			
Capital Circuit League	31				31
Ceramic	177				177
 Chorus	 10,635	 15,324	 21,463		 4,496
Cinema Club	7				7
Class of 2002	558				558
Class of 2003	527				527
Class of 2004	12				12
 Class of 2005	 969				 969
Class of 2006	7,555				7,555
Class of 2007	6,366	24,645	24,668		6,343
Class of 2008	6,035	26,164	22,065		10,134
Class of 2009	287	11,589	7,656		4,220
 Class of 2010	 	 3,497	 2,297		 1,200
Close Up Foundation	4,297	785	852		4,230
Coaches Fund	4,540				4,540
Damaged books - Adm.	23,862	8,668	17,379		15,151
Damaged books - Band	18				18
 Damaged books - Business	 1				 1
Damaged books - Choir	18				18
Damaged books - English	1,728	820	20		2,528
Damaged books - Eng Ess	184				184
Damaged books - Foreign Language	8,536	3,159	2,444		9,251
Damaged books - Life Skills	32				32

**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2007</b>
<b>OKEMOS HIGH SCHOOL (Continued):</b>				
Damaged books - Math	\$ 5,587	\$ 1,332	\$ 6,823	\$ 96
Damaged books - Phys Ed	303	186	348	141
Damaged books - Science	5,292	2,319	2,568	5,043
Damaged books - Social Studies	784	2,304	2,216	872
Damaged books - Orchestra	1,364			1,364
Debate Club	1,104	1,540	2,492	152
DeRath Memorial	10	353	353	10
Earth science	568	1,155	860	863
Earth watchers	450			450
Energy grant	62			62
Entry fees	142	15,000	15,141	1
Faculty lounge	2,665	753	886	2,532
Field Trip - Boston		25,412	25,401	11
Field Trip - Morrison	2			2
Field trip - English	469	2,220	2,161	528
Field trip - Stratford	5	103	108	
Forensics	4			4
French Club	14,186	5,991	5,971	14,206
German Club	198	514	504	208
German Exchange Program	350			350
Golf (boys)		3,420	2,598	822
Grant	15			15
Grant - Teachers	244	345	345	244
Greenhouse	250			250
Hockey	110			110
Honor Society	1,325	4,580	3,220	2,685
IMC copier money	2,026	2,341	988	3,379
Key Club	227	911	902	236
Latin Club	273			273

**OKEMOS PUBLIC SCHOOLS**  
**AGENCY FUND**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL**  
**YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2007</b>
<b>OKEMOS HIGH SCHOOL (Continued):</b>				
Life Skills	\$ 8	\$ 799	\$ 807	\$
Literary Magazine	991	2,569	1,527	2,033
Memorial Fund	90			90
Memorial Fund-Laurence	359			359
Model U.N.				
 Oakie Breakfast Club	 3,148	 10	 394	 2,764
Officials	1,300	97,785	99,081	4
OHS Basic Class	1			1
OHS Science Olympiad	324	360	586	98
OHS Touch of Class	4,244	6,005	9,823	426
 Orchestra	 1,410	 1,796	 1,694	 1,512
Pals	798	203	547	454
Photo	179	922	1,006	95
Pole Vault	3,038	6,526	7,006	2,558
Polo	2,399	3,832	3,474	2,757
 Quiz Bowl	 5	 542	 384	 163
Radio Club	156	2,041	1,699	498
Reserve Student Council	4,868			4,868
Robotics	61	11,140	10,540	661
S.A.D.D.	1,399	180	234	1,345
 Sangam	 281			 281
School Newspaper - H.S.	2,428	7,734	7,188	2,974
S.E.E.D.	(26)	52	26	
Seismic Station	1,687			1,687
Senior Volunteer Project	975	1,107	1,894	188
 Shaw Festival Trip	 1,222			 1,222
Soccer	961	468	1,428	1
Spanish Club	4,707	9,909	9,477	5,139
Sports Camp-Froelich	9,989	10,144	16,078	4,055



**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	Balance			Balance
	June 30, 2006	Additions	Deductions	June 30, 2007
<b>OKEMOS HIGH SCHOOL (Concluded):</b>				
Sr. Servant	\$ 6	\$ 3,620	\$ 3,602	\$ 24
Store-Spirit Shop	(1,577)	30,082	21,522	6,983
Student Council	2,299	13,065	15,363	1
Student Environ Action	1	556		557
Substance Abuse	391			391
Swim Team - Boys	146			146
Swim Team - Girls	161	102	263	
Tech Ed	18	877	895	
Television	319			319
Theatrical	23,735	37,307	20,904	40,138
Traqvis Memorial	25			25
Trip (NYC)		35,533	35,528	5
Water Polo	1,556		1,556	
Yearbook	20,426	90,732	98,204	12,954
Young Democrats	2,363			2,363
Young Republicans	641			641
<b>TOTAL HIGH SCHOOL</b>	<b>265,357</b>	<b>666,226</b>	<b>700,200</b>	<b>231,383</b>
<b>BUSINESS OFFICE:</b>				
Community education equipment	1,546			1,546
Community education office supplies	2,388	1,379	2,139	1,628
Community education - playground	1,137			1,137
Community education - scholarships	15,467	7,229	8,135	14,561
Contingency fund	383			383
Appreciation dinner	111			111
C.M.S.M.A.	64	163		227
Contingency - transport	289	174	172	291
Don Skinner Memorial Fund	17			17
Football		2,649		2,649
Interest-IMF & Checking	25,010	38,671		63,681

**OKEMOS PUBLIC SCHOOLS  
AGENCY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL  
YEAR ENDED JUNE 30, 2007**

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2006</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2007</b>
<b>BUSINESS OFFICE (Concluded):</b>				
Mark Moskal Memorial Fund	\$ 320	\$	\$	\$ 320
Meijer rewards	624	523		1,147
Michelle Smith Memorial	103			103
Miscellaneous	42			42
Nina Massa Memorial	7,698		500	7,198
Okemos Channel - Ottinger	10,942	16,011	9,551	17,402
Parent Council	29			29
Sarah Doig Memorial	143			143
Senior Center	8,187	9,640	10,549	7,278
Special Needs Camp	18,593	8,491	7,626	19,458
Unclaimed deposits	2,602	1,530	3,941	191
Wellness	282			282
<b>TOTAL BUSINESS OFFICE</b>	<b>95,977</b>	<b>86,460</b>	<b>42,613</b>	<b>139,824</b>
<b>TOTAL - ALL AGENCY FUNDS</b>	<b>\$ 671,032</b>	<b>\$ 1,252,214</b>	<b>\$ 1,240,662</b>	<b>\$ 682,584</b>

**OKEMOS PUBLIC SCHOOLS  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
February 2, 1993	Capital appreciation bonds	Serial	<u>\$ 17,321,722</u>

Purpose: The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school bonds dated August 22, 1991 which bonds are due and payable through 2021 and to pay the cost of issuance.

Capital appreciation (serial) bonds issued for \$17,321,722 (face amount at maturity \$80,225,000). On February 2, 1993, the approximate yield of the bond's appreciation ranges from 6.45% to 6.55%.

<u>Date</u>	<u>Appreciation</u>	<u>Payments</u>	<u>Value</u>
May 1, 2007	\$ 1,361,587	\$	\$ 43,170,055
November 1, 2007	1,405,934		44,575,989

**OKEMOS PUBLIC SCHOOLS  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

<u>Date</u>	<u>Appreciation</u>	<u>Payments</u>	<u>Appreciation value</u>
05/01/09	\$ 1,547,823	\$	\$ 49,074,549
11/01/09	1,598,227		50,672,776
05/01/10	1,650,282		52,323,058
11/01/10	1,704,042		54,027,100
05/01/11	1,759,527		55,786,627
11/01/11	1,816,815		57,603,442
05/01/12	1,876,156	6,325,000	53,154,598
11/01/12	1,733,135		54,887,733
05/01/13	1,789,851	6,650,000	50,027,584
11/01/13	1,633,562		51,661,146
05/01/14	1,686,899	7,000,000	46,348,045
11/01/14	1,514,448		47,862,493
05/01/15	1,564,079	7,355,000	42,071,572
11/01/15	1,376,025		43,447,597
05/01/16	1,421,128	7,740,000	37,128,725
11/01/16	1,215,952		38,344,677
05/01/17	1,255,808	8,145,000	31,455,485
11/01/17	1,030,173		32,485,658
05/01/18	1,063,919	8,565,000	24,984,577
11/01/18	818,248		25,802,825
05/01/19	845,348	9,010,000	17,638,173
11/01/19	577,668		18,215,841
05/01/20	597,037	9,475,000	9,337,878
11/01/20	305,812		9,643,690
05/01/21	316,310	9,960,000	

**OKEMOS PUBLIC SCHOOLS  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
August 1, 1999	1999 refunding bonds	General obligation	<u>\$ 7,135,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school building and site bonds dated August 22, 1991 which bonds are due and payable through 2009 and to pay the cost of issuance.

<u>Maturity date</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2007	4.55	\$	\$	\$ 62,467	\$ 62,467
2008	4.65	640,000	62,467	47,588	750,055
2009	4.70	2,025,000	47,588		2,072,588
		<u>\$ 2,665,000</u>	<u>\$ 110,055</u>	<u>\$ 110,055</u>	<u>\$ 2,885,110</u>

**OKEMOS PUBLIC SCHOOLS  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
March 4, 2002	2002 Refunding bonds	General obligation	<u>\$ 4,920,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school refunding bonds dated April 20, 1992 which bonds are due and payable through 2008 and to pay the cost of issuance.

<u>Maturity date May 1,</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2007	3.625	\$	\$	\$ 5,425	\$ 5,425
2008	3.875	<u>280,000</u>	<u>5,425</u>		<u>285,425</u>
		<u>\$ 280,000</u>	<u>\$ 5,425</u>	<u>\$ 5,425</u>	<u>\$ 290,850</u>

**OKEMOS PUBLIC SCHOOLS**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
March 4, 2003	2003 Refunding bonds	General obligation	<u><u>\$ 19,725,000</u></u>

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school refunding bonds dated June 9, 1993 and February 1, 1994 which bonds are due and payable through 2019 and to pay the cost of issuance.

<u>Maturity date May 1,</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2007	2.625	\$	\$	\$ 447,647	\$ 447,647
2008	4.750	2,885,000	447,647	379,128	3,711,775
2009	4.750	2,640,000	379,128	316,428	3,335,556
2010	4.750	5,255,000	316,428	191,622	5,763,050
2011	5.000	5,875,000	191,622	44,747	6,111,369
2012	4.250	215,000	44,747	40,178	299,925
2013	4.250	275,000	40,178	34,334	349,512
2014	4.000	305,000	34,334	28,234	367,568
2015	4.125	335,000	28,234	21,325	384,559
2016	4.250	335,000	21,325	14,206	370,531
2017	4.375	310,000	14,206	7,425	331,631
2018	4.400	225,000	7,425	2,475	234,900
2019	4.500	110,000	2,475		112,475
		<u><u>\$ 18,765,000</u></u>	<u><u>\$ 1,527,749</u></u>	<u><u>\$ 1,527,749</u></u>	<u><u>\$ 21,820,498</u></u>

**OKEMOS PUBLIC SCHOOLS**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS**  
**JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
May 1, 2003	2003 school technology bonds	General obligation	<u><u>\$ 975,000</u></u>

Purpose: The proceeds from the bonds will be used for the purpose of acquiring and installing technology.

<u>Maturity date</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2007	2.60	\$	\$	\$ 4,125	\$ 4,125
2008	2.75	<u>300,000</u>	<u>4,125</u>		<u>304,125</u>
		<u><u>\$ 300,000</u></u>	<u><u>\$ 4,125</u></u>	<u><u>\$ 4,125</u></u>	<u><u>\$ 308,250</u></u>



**OKEMOS PUBLIC SCHOOLS  
GENERAL LONG-TERM DEBT ACCOUNT GROUP  
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS  
JUNE 30, 2007**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
June 11, 2007	2007 school technology bonds	General obligation	<u>\$ 6,800,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of acquiring buses and installing technology.

<u>Maturity date</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2007		\$	\$	\$ 95,838	\$ 95,838
2008	4.125	1,370,000	140,250	111,994	1,622,244
2009	4.125	1,525,000	111,994	80,541	1,717,535
2010	4.125	1,450,000	80,541	50,634	1,581,175
2011	4.125	1,280,000	50,634	24,234	1,354,868
2012	4.125	1,175,000	24,234		1,199,234
		<u>\$ 6,800,000</u>	<u>\$ 407,653</u>	<u>\$ 363,241</u>	<u>\$ 7,570,894</u>

**OKEMOS PUBLIC SCHOOLS**  
**ADDITIONAL REPORTS REQUIRED BY**  
**OMB CIRCULAR A-133**  
**YEAR ENDED JUNE 30, 2007**

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Lamonte T. Lator  
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Dennis D. Theis

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2007, which collectively comprise Okemos Public Schools' basic financial statements and have issued our report thereon dated September 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Okemos Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okemos Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Okemos Public Schools in a separate letter dated September 4, 2007.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Memo, Costeniser & Ellis, P.C.*

Certified Public Accountants



Lamonte T. Lator  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Directors  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

**Compliance**

We have audited the compliance of Okemos Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Okemos Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Okemos Public Schools' management. Our responsibility is to express an opinion on Okemos Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Okemos Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Okemos Public Schools' compliance with those requirements.

In our opinion, Okemos Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### **Internal Control Over Compliance**

The management of Okemos Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Okemos Public Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the district's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the district's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

September 4, 2007

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated September 4, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Okemos Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mamer, Costenizer & Ellis, P.C." The signature is written in a cursive, flowing style.

Certified Public Accountants



**OKEMOS PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2006	Prior year expenditures (memorandum only)	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2007
<u>U.S. Department of Agriculture:</u>								
Passed through Michigan Department of Education:								
Child nutrition cluster:								
National School Lunch Program - Section 4	10.555	061950	\$ 4,574	\$ -	\$ -	\$ 4,574	\$ 4,574	\$ -
National School Lunch Program - Section 4		051950	41,686	8,419	41,686		8,419	-
National School Lunch Program - Section 4		071950	42,285			42,286	33,640	8,646
National School Lunch Program - Section 11		051960	76,484	15,339	76,484	-	15,339	-
National School Lunch Program - Section 11		061960	9,318		-	9,318	9,318	-
National School Lunch Program - Section 11		071960	95,994			95,995	76,352	19,643
			<u>270,342</u>	<u>23,758</u>	<u>118,170</u>	<u>152,173</u>	<u>147,642</u>	<u>28,289</u>
National School Lunch Program - Breakfast	10.553	041970	1,411	370	1,411		370	-
		061970	253			253	253	
		071970	2,989	-		2,989	2,989	-
			<u>4,653</u>	<u>370</u>	<u>1,411</u>	<u>3,242</u>	<u>3,612</u>	<u>-</u>
Total child nutrition cluster			<u>274,995</u>	<u>24,128</u>	<u>119,581</u>	<u>155,415</u>	<u>151,254</u>	<u>28,289</u>
National School Lunch Program - Commodities:								
Entitlement:	10.550							
Bonus			42	-	6,953	42	42	-
Entitlement			29,460	-	38,458	29,460	29,460	-
			<u>29,502</u>	<u>-</u>	<u>45,411</u>	<u>29,502</u>	<u>29,502</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>304,497</u>	<u>24,128</u>	<u>164,992</u>	<u>184,917</u>	<u>180,756</u>	<u>28,289</u>

The accompanying notes are an integral part of this schedule.

**OKEMOS PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2006	Prior year expenditures (memorandum only)	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2007
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I	84.010	071530 0607	\$ 217,179	\$ -	\$ -	\$ 181,517	\$ 100,000	\$ 81,517
		061530 0506	244,604	57,814	207,814	-	57,814	-
		061530 0607	36,690	-	-	36,690	-	36,690
			<u>498,473</u>	<u>57,814</u>	<u>207,814</u>	<u>218,207</u>	<u>157,814</u>	<u>118,207</u>
Title V	84.298	070250 0607	855	-	-	855	855	-
Title II Part D	84.318	074290 0607	2,599	-	4,563	2,599	-	2,599
Title II Part A	84.367	070520 0607	97,008	-	-	36,228	-	36,228
		060520 0607	60,871	-	-	60,871	-	60,871
			<u>157,879</u>	<u>-</u>	<u>-</u>	<u>97,099</u>	<u>-</u>	<u>97,099</u>
Passed through Ingham Intermediate School District IDEA	84.173	070460 0607	20,708	-	19,838	20,708	-	20,708
Total U.S. Department of Education			<u>680,514</u>	<u>57,814</u>	<u>232,215</u>	<u>339,468</u>	<u>158,669</u>	<u>238,613</u>
<u>U.S. Department of Health and Human Services</u>								
Passed through Ingham Intermediate School District Medicaid Outreach	93.778		56,136	-	44,826	56,136	31,496	24,640
<u>Environmental Protection Agency:</u>								
Special purpose activities related to the Clean Air Act	66.036		388,519	251,493	251,493	80,417	334,475	(2,565)
Total Federal Assistance			<u>\$ 1,429,665</u>	<u>\$ 333,435</u>	<u>\$ 693,526</u>	<u>\$ 660,938</u>	<u>\$ 705,396</u>	<u>\$ 288,977</u>

The accompanying notes are an integral part of this schedule.

**OKEMOS PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Okemos Public Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. CFDA #84.367 and #66.036 were audited as the major programs, representing 27% of expenditures. The District qualifies for low risk auditee status.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. Management has utilized the Grant Section Auditors' Report (Form R7120) and the Grant Audit Report in preparing the Schedule of Expenditures of Federal Awards.
5. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 476,021
Other nonmajor governmental fund	<u>184,917</u>
Subtotal	<u><u>\$ 660,938</u></u>

**OKEMOS PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007**

**Section I - Summary of Auditors' Results**

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***Financial Statements***

Type of auditors' report issued:

*Unqualified*

- Material weakness(es) identified:            Yes       X       No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes       X       None reported
- Noncompliance material to financial statements noted?            Yes       X       No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified:            Yes       X       No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes       X       None reported

Type of auditors' report issued on compliance for major programs:

*Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?

           Yes       X       No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.367	Title II, Part A
66.036	Clean Air Act

Dollar threshold used to distinguish between type A and type B programs:

      \$300,000      

Auditee qualified as low-risk auditee?

      X       Yes                    No

**Section II - Financial Statement Findings**

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None

**Section III - Federal Award Findings and Questioned Costs**

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None

**OKEMOS PUBLIC SCHOOLS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2007**

There were no audit findings for the year ended June 30, 2006.



Lamonte T. Lator  
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Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

September 4, 2007

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

In planning and performing our audit of the financial statements of Okemos Public Schools as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Okemos Public School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 4, 2007 on the financial statements of Okemos Public Schools. We will review the status of these comments during our next audit engagement.

Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

**Prior Year Comments**

Prior year recommendations in the Community Education area were addressed during the year.

**Current Year Comments**

**Community Education Cash Receipts Documentation and Procedures**

During the audit, we noted lack of standard procedures in the cash receipts process at the Community Education. It was noted during our testing the Community Education accounting department uses an informal form to list the cash receipts. While we found no errors or irregularities, we recommend this department use standardized pre-numbered receipts to document receipts as they are opened. This documentation is an important part of the books and records. We recommend that Okemos Public Schools establish and consistently maintain a regular, systematic cash receipt processes and procedures in the Community Education area. The District has taken a proactive approach assigning the District's staff accountant to monitor this area one day a week.

**Segregation of Duties - Payroll Department**

In the Payroll Department, an individual who processes payroll also has the capability/authority to add and delete employees and change employees pay rates within the payroll system, creating a lack of segregation of duties. Currently the District is in the process of creating a centralized human resource function where this employee would have the authority to verify employment status and verify that personnel information is entered properly. We encourage the District to continue to monitor payroll and implement this centralized function. Management is aware of this control deficiency and has other controls currently in place.

**New Notification Requirements for Related Not-for-Profit Organizations with Gross Receipts of \$25,000 or less Such as Booster Groups and PTO's**

The Pension Protection Act of 2006 requires these organizations to file an annual electronic notice for tax periods beginning after December 31, 2006, if these organizations are not required to file Form 990 (or 990-EZ), Return of Organization Exempt From Income Tax because their gross receipts are normally \$25,000 or less.

If they are a section 509(a)(3) supporting organization, generally, they must file a paper or electronic Form 990 (or Form 990-EZ) even if their gross receipts are normally \$25,000 or less. However, if they are a supporting organization of a religious organization and their gross receipts are normally \$5,000 or less they may file an annual electronic notice instead of Form 990 (or Form 990-EZ).

The annual electronic notice is due by the 15<sup>th</sup> day of the fifth month after the close of their tax period. For example, if their tax period ends on December 31, 2007, the annual electronic notice is due May 15, 2008.



The notice will require these organizations to provide the following information:

- Organization's legal name,
- Any other names your organization uses,
- Organization's mailing address,
- Organization's website address (if applicable),
- Organization's employer identification number (EIN),
- Name and address of a principal officer of your organization.
- Organization's annual tax period,
- Verify that your organization's annual gross receipts are still normally \$25,000 or less, and
- Indicate if your organization has terminated (is no longer in business).

### **IRS 403(b) Final Regulations**

#### **Intent**

The intent of the regulations is to consolidate guidance on §403(b) plans issued since 1964.

#### **Effective Date**

These regulations are generally effective for taxable years beginning after December 31, 2008.

Plan documents should be in place December 31, 2008 to be implemented as of January 1, 2009.

#### **Written Plan Document**

The IRS is working on a model plan document and guidance for school districts. This should contain the provisions necessary for compliance with the new rules.

A plan may consist of several documents, or make reference to other documents, such as annuity contracts and custodial agreements. The employer must ensure that there are no conflicts or inconsistencies between the documents.

The document must contain eligibility rules, benefits available, limitations, allowable vendors, and time and form distributions.

The document must allocate administrative and compliance responsibilities to the employer and/or designated third parties. The plan may not allocate compliance responsibilities to the participants.

#### Other Provisions

- Exchange of investment products
- Universal availability
- Distributions
- Terminations

#### Suggestions

Set up a committee of benefit officials and participants to review the current plan and design the future plan.

Determine if you need a third party administrator (TPA) to administer the plan and create a request for proposal (RFP) for services.

Offer employee education. The IRS is developing this type of information as well as a model plan for school districts.

#### **New Auditing Standards**

Recently, 10 new auditing standards have been released and are effective, or will become effective for your June 30, 2008 year end. In reviewing the new standards, they will have an impact on our overall audit approach. The trend is to perform audit procedures utilizing more of a risk based approach. One area which will continue to be emphasized is your internal controls.

#### **New Interpretation of Deferred Compensation Rules Applicable to Teachers and Similar Employees**

In August of 2007, the IRS issued new questions and answers related to deferred compensation which can affect teachers and similar employees.

When employees can elect to defer part of their compensation to a future year, they are generally subject to the rules applicable to deferred compensation under the Internal Revenue Code. These payments could be subject to an additional 20% tax if the specified procedures are not followed. For example, school employees who work 10 months but are paid over 12 months would be deferring compensation into a future year.

These rules are not applicable unless an election must be made. If a school district provides that all employees must spread their pay over 12 months, these rules do not apply. In order to avoid imposition of extra taxes, the employees must give a written or electronic election to notify the employer that they want to spread out the compensation. This election must be provided before the start of the school year and must be irrevocable. The election must state how the compensation is going to be paid (for example, ratably over the 12 months starting with the beginning of the school year). This election does not need to be made for future years if the arrangement provides that the election will remain in place until the employee elects a change. These rules are effective January 1, 2008. Therefore, they are not applicable until the election for the 2008 - 2009 school years.

This report is intended solely for the information and use of Okemos Public Schools, management, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

*Mamie Costeniser & Ellis, P.C.*



Lamonte T. Lator  
Bruce J. Dunn  
Jeffrey C. Stevens  
Linda I. Schirmer  
Steven W. Scott  
David M. Raeck  
Robert E. Miller, Jr.  
Steven B. Robbins  
James E. Nyquist  
James R. Dedyne

Timothy H. Adams  
David B. Caldwell  
Edward L. Williams, III  
Timothy J. Orians  
Dennis D. Theis

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Walter P. Maner, Jr. (1921-2004)  
Floyd L. Costerisan  
Leon A. Ellis (1933-1988)

September 4, 2007

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

We have audited the financial statements of Okemos Public Schools for the year ended June 30, 2007, and have issued our report thereon dated September 4, 2007. Professional standards require that we provide you with the following information related to our audit.

1. Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Okemos Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Okemos Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Okemos Public Schools' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major programs for the purpose of expressing an opinion on Okemos Public Schools' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Okemos Public Schools' compliance with those requirements.

2. Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Okemos Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changes during 2007. We noted no transactions entered into by Okemos Public Schools during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the liability of the payout of employee compensated absences upon their retirement is based on expected payout. We evaluated the key factors and assumptions used to develop the balance of compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate lives of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

4. Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Okemos Public Schools' financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Okemos Public Schools, either individually or in the aggregate, indicate matters that could have a significant effect on the Okemos Public Schools' financial reporting process, other than the prior period adjustment to adjust accrued interest payable.

5. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6. Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Okemos Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have discussed with management the new reporting requirements required by Statement on Auditing Standards #112.

To the Board of Education  
Okemos Public Schools  
Okemos, Michigan

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September 4, 2007

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Finance Committee, the Board of Education, management, and federal awarding agencies and pass through entities of Okemos Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Mamie Costeniser & Ellis, P.C.*